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Article 201

Rare earth prices and market outlook. [1 table, 2 figures]

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Chemical Business NewsBase: Elements

8

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A histogram illustrates the relatively stable price levels for rare earths from 1970 to 1998.

Overall, there has been a gradual decline in **prices** in spite of the considerable increase in demand over the same period.

At the end of the 1980s and the beginning of the 1990s, large stockpiles of rare earths held by the former Soviet Union became available on the market.

This was at the same time as a rapid increase in rare earths production in China.

Prices fell rapidly on these changes, but stabilised against in 1994.

Rare earth exports from Russia were subjected to a 5% export tax from Mar 1999.

This has added to the general uncompetitiveness of the material.

A price cartel was formed in China in early 1994 to help stabilise the drop in market **prices**.

In order to offer some protection to the Chinese **rare earth** industry, the government is developing an export regulation programme.

However, this programme was cancelled in Mar because of strong opposition from producers.

Bankruptcy proceedings were started by 10-20% of the country's rare earths producers because of low **prices**.

A graph illustrates the relationship between price and abundance for **rare earth** oxides.

Even for the most optimistic market forecasts, supply of rare earths will be sufficient in the near future to meet increased demand.

Demand in the US is expected to fall to moderate levels.

Greater demand is forecast for higher purity mixed and separated products.

In the long term, demand for production of automotive catalysts is expected to remain strong.

Demand for production of permanent magnets is expected to fall in the short term because of the economic situation in Asia.

There are more commercial applications for the light rare earths, such as lanthanum, cerium and praseodymium, than for heavy rare earths.

Potential applications for heavy rare earths are proved uneconomical because of the high price of the materials.

Average market **prices** for rare earths in 1997 and 1998 are tabulated.

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